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TAGS: [PGOV](#) [ECON](#) [PREL](#) [ETRD](#) [PINR](#) [RS](#)
SUBJECT: AMBASSADOR'S VISIT TO KAZAN: FEDERALISM, ECONOMIC
DEVELOPMENT AND ISLAM

REF: 05 MOSCOW 14477

Classified By: Ambassador William J. Burns. Reasons: 1.4 (B/D).

11. (C) SUMMARY: The Ambassador's February 6-7 visit to Tatarstan featured themes of federalism, economic opportunity for U.S. firms, and Islam. Republic President Shaymiyev, in a lengthy tour d'horizon, noted that he was taking initiatives not encouraged by Moscow, including diversifying the economy by developing the petro-chemical sector. Shaymiyev took swipes at President Putin for seeking to over-centralize power in Moscow and for economic short-sightedness. Both Shaymiyev and a group of Tatarstan's business leaders expressed to the Ambassador their hope for broader commercial ties with U.S. firms. Shaymiyev and the republic's leading Muslim figures highlighted Tatars' tradition of tolerant Islam, although the visit also revealed hints that Tatarstan's leadership is concerned about radical Islamic influences from the Middle East. Despite rumors that Shaymiyev's presidency may be nearing an end, he appeared fully engaged on a range of issues and seemed very much in control. Tatarstan appeared politically stable and a place that could offer interesting opportunities for U.S. commercial ties. END SUMMARY.

12. (SBU) Ambassador Burns visited Kazan, capital of the Republic of Tatarstan, on February 6-7. He held a lengthy meeting with republic President Mintimer Shaymiyev, participated in a roundtable discussion with business leaders and another with Islamic figures at the Russian Islamic University of Kazan, and met with students and faculty of Kazan State University. The Ambassador held a press conference at Kazan's American Corner, where he also met separately with alumni of USG exchange programs.

SHAYMIYEV'S TOUR D'HORIZON CENTERS AROUND FEDERALISM

13. (C) As noted reftel, Tatarstan has long been a key battleground in center-regional relations, with Shaymiyev resisting Putin-era efforts at centralization of power in Moscow. That theme featured prominently in the Ambassador's conversation with Shaymiyev, who was clearly enthusiastic about the meeting and extended it far longer than planned.

14. (C) Shaymiyev began by describing Tatarstan as having pursued its own approach, which had produced brisk development. On the economic side, this had allowed the republic to lessen the impact of national downturns, Shaymiyev argued; whenever Russia's economy had encountered hard times, Tatarstan's economy had not felt the impact as severely.

15. (C) Turning to the current economic situation, Shaymiyev

posited that while the federal government sought to double GDP, this was not an effective approach. Instead, Tatarstan was focusing on qualitative economic development. While the republic had sufficient oil reserves to meet its demand for the next thirty years, drilling for that oil was expensive and costs would only continue to rise. For this reason, Tatarstan was focusing on developing the petro-chemical sector, both to diversify its economy and to cushion it from oil price fluctuations. Machine building was another focus of development, Shaymiyev said. The republic had been a central player in the military-industrial complex during the Soviet era, but customers for military production were becoming hard to find, resulting in the current turn to civilian production.

¶6. (C) Tatarstan was following this course on its own, Shaymiyev said, despite the limitations imposed by the federal center. Only now was Moscow coming to understand the wisdom of Tatarstan's approach, he continued, which had helped produce stability in the republic.

¶7. (C) The Ambassador noted the progress made under Shaymiyev and emphasized his desire for broader U.S. commercial ties with the republic. This should not be limited to natural resources, the Ambassador continued, particularly since human capital was Tatarstan's best resource and special economic zones offered interesting possibilities for U.S. business. Commenting that the focus on the petro-chemical sector made sense, the Ambassador said that Citigroup's financing of a petro-chemical plant was a good first step in broadening economic ties with the U.S. Shaymiyev responded that Moscow was becoming interested in Tatarstan's petro-chemical development effort, and that he would be meeting with Economic and Trade Development Minister German Gref on

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February 15 to discuss the issue, with an eye to pursuing a regional approach involving the Bashkortostan Republic, Orenburg Oblast and other of Tatarstan's neighbors. The Ambassador noted that we would work with Gref as well to explore a broader U.S. role. Noting that Tatarstan used much U.S. technology in its agricultural sector, Shaymiyev praised President Bush's proposal to use agricultural products to generate energy as a bold move that warranted consideration in Russia.

¶8. (C) Turning to the political front, Shaymiyev noted that Tatarstan had recently agreed to a new treaty with Moscow to replace one signed in 1992. (In a separate conversation, a republic official told the Ambassador that the treaty, having been approved by Tatarstan's parliament late last year, had been sent to Moscow for ratification. It remained unclear whether the State Duma would consider it or whether it would go directly to President Putin for consideration and possible signature.) The new treaty contained some important concessions, Shaymiyev argued. It responded to the republic's ethnic make-up (53 percent Tatar, 47 percent Russian) by stipulating that the republic's president must know both languages and requiring that efforts be made to promote knowledge of the Tatar language and culture in the republic and among its ethnic diaspora. Maintaining the Tatar language and culture had required hard work but had been largely successful. Unless this effort continued, destabilization could result in Tatarstan.

¶9. (C) More broadly, Shaymiyev posited, Moscow often tried to downplay the nationality factor. While it was hard to account for the importance of nationalities, they could not be ignored anywhere in today's world. Russia could not become democratic if it was unitary, Shaymiyev argued. And as the post-Soviet generation emerged, such democracy was increasingly essential.

¶10. (C) Putin had done much for the country, Shaymiyev continued. He had faced a tough legacy in the North Caucasus, left him by Boris Yeltsin, who had admitted the

errors of his approach to Chechnya. More generally, Putin had been faced with the need to establish order in the country. It was easy to criticize Putin, but he had created such order. Yet there must be limits to that order, Shaymiyev argued, and Putin's approach on issues involving federalism raised serious questions. Eliminating gubernatorial elections had been an error, Shaymiyev argued, although the law mandating that the winning party in a region's legislative election would pick the governor undid some of that damage.

¶11. (C) Noting that he was a member of the United Russia (YR) party's national leadership, Shaymiyev said YR should adopt a right-center position. The party needed to be at the center of the country's political spectrum, but holding rightist economic positions was essential, particularly during Russia's modernization. Shaymiyev argued for a national government chosen by parliament rather than by the president. Russia would develop a genuine system of political parties only if one party selected and controlled the government and others were in opposition.

¶12. (C) The Ambassador noted Tatarstan's tradition of religious tolerance, underscoring its importance to maintaining stability. Shaymiyev expressed pride that the Tatar model of Islam had been tolerant since well before the Soviet era.

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BUSINESS COMMUNITY SEEKS BROADER ECONOMIC TIES

¶13. (SBU) Some two dozen leaders of the republic's business community voiced views similar to Shaymiyev's in a meeting with the Ambassador. In introductory remarks, the republic's Trade Minister noted Tatarstan's rapid economic growth and the new focus on the chemical and petro-chemical sectors, as well as on mechanical engineering and metallurgy. He and others also highlighted the development of a special economic zone (SEZ) in the republic's Yelabuga region. An official of that SEZ said that sizable funding was being devoted to infrastructure development, and that the zone would offer opportunities for petro-chemical production, including that of plastic resins, as well as car part production. Because it is still under development, the SEZ offers opportunities to U.S. consultants, service providers and others. The official of one of the republic's leading banks said that consultants from the U.S. could also find opportunities because Tatarstan's small and medium sized enterprise sector

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was still far from fully developed.

¶14. (SBU) Lack of sufficient U.S. business ties was a common theme of other speakers at the session as well. A car parts manufacturer noted that, while it had established ties with Delphi, it sought to further expand its U.S. business relations. A banking representative noted that while his bank had access to USD ten million in EXIM funds, it had only been able to use about fifteen percent of that amount. The representative of a leading helicopter manufacturer complained that the U.S. does not certify his firm's helicopters, and saw the need for U.S. firms to view Russia as a "civilized partner." By contrast, the representative of Tatneft, the republic's main oil production entity, said his firm had excellent ties with U.S. partners.

¶15. (SBU) The Ambassador stressed the importance of economic ties with the U.S., and the broader significance of WTO accession. He welcomed the examples of good ties but stressed the need for more models of success, which would draw potential U.S. partners' attention to Tatarstan. The Ambassador said he would follow up, including with AmCham Moscow and with visiting delegations. He underscored that the G-8 Summit would allow Russia to highlight its business opportunities, and hoped Tatarstan would take advantage of that occasion.

TOLERANT ISLAM, BUT WITH A FEW STRESSES

¶16. (C) Reiterating his message about the importance of tolerance, the Ambassador echoed in several other meetings the message he had conveyed to Shaymiyev about Tatarstan's reputation for having a tolerant version of Islam. On a visit to the Russian Islamic University in Kazan, he held a roundtable discussion with several major Muslim figures led by Gasman Iskhakov, who is both the school's rector and Chief Mufti of the republic. Noting the dramatic rise of Islamic religious and educational institutions in Tatarstan since the fall of the Soviet Union, Mufti Iskhakov said that each of the republic's 47 administrative subdivisions now had their own imam and, typically, some twenty to forty mosques. His university had been founded to ensure that Tatars, rather than those from the Middle East, would provide religious leadership throughout the republic. His university, which had begun with 18 students when it was founded in 1998, now had between two hundred and three hundred students. Plans were afoot to open branches in other regions of Russia, including Saratov, the Mufti reported.

¶17. (C) The Mufti shared the Ambassador's view about the importance of a tolerant Islam. Commenting on the Danish caricatures controversy, he said they reflect lack of respect for Muslims. Those who had drawn the caricatures and published them were to blame, however, rather than the Danish population as a whole, the Mufti argued. (Note: A few participants in the Ambassador's meeting with USG program alumni noted they had heard rumors that Danish food was being boycotted in the republic, but said they opposed any such boycott. According to the press, one of the republic's major food chains took Danish food off the shelves as the controversy was playing out, but stopped that policy, particularly after Shaymiyev's administration took issue with it. End Note.)

¶18. (C) Despite his comments to the Ambassador, the Mufti is viewed by the Shaymiyev administration as overly influenced by the Middle East, State Secretary for Political Affairs Rafael Khakimov told us on the margins of Shaymiyev's meeting with the Ambassador. (Indeed, the Mufti told the Ambassador his religious education had taken place primarily in Jordan and Libya.) Tatarstan's Council of Muftis will hold an election later in February in which Iskhakov is running for reelection as Chief Mufti. Khakimov said that Shaymiyev's administration was strongly leaning toward replacing Iskhakov with a more "secular" figure less oriented to the Middle East.

¶19. (C) The Ambassador also discussed Islam while visiting the Kul Sharif mosque, built inside Kazan's Kremlin and inaugurated during the city's millennium celebrations last year. Describing Kul Sharif as a Tatar hero who had fought off the Russians in the 16th century, the mosque's imam hastened to add that Tatarstan's Muslims were in no way anti-Russian. Russia brought together a range of nationalities, of which the Tatars and their Islamic traditions were an integral part. The imam added, however, that Russia had been built on the foundations of the Golden Horde, of which the Tatars had been the core in the 13th

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century; the imam's implication was that Tatarstan still enjoys pride of place in the country.

COMMENT

¶20. (C) We have heard rumors that Shaymiyev's presidency is nearing an end for two reasons. On the one hand, some believe that after over twenty years as president, he has lost his enthusiasm for running the republic; Public Chamber member Vyacheslav Glazyshev, an expert on Russia's regions, recently described Shaymiyev to us as "tired and indecisive,"

and we heard a similar view from Islam expert Rafik Mukhamedshin on our latest visit to Kazan. On the other hand, the reasoning goes, the Kremlin has gained enough power that it now feels itself in position to remove Shaymiyev as president, as long as they do it gracefully. At least judging by the Ambassador's meeting with him, Shaymiyev remains highly engaged on a broad range of issues and appears to have a forward-looking vision for Tatarstan's development.

In his conversation with the Ambassador, Shaymiyev took some swipes at the Putin administration, notably on over-centralization of power and economic short-sightedness, which suggests either a leader with little to lose or one with much confidence about his own position.

¶21. (C) In his visit to Kazan, the Ambassador found a thriving city with much recently built infrastructure -- largely the result of a huge injection of federal funds for the millennium celebrations -- and many new construction projects ongoing. Economically, the republic appears to offer significant opportunities for U.S. firms. Politically, the republic seemed stable, with little prospect that the Kremlin would oust Shaymiyev without carefully calculating the risks. The Ambassador's visit revealed few signs of serious trouble on the Islamic front, despite some rumblings about potential radical influences.

BURNS